



BHARAT SANCHAR NIGAM LIMITED
(A GOVERNMENT OF INDIA ENTERPRISE)
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No. BSNL/7-14/SR/2011

Dated, the 17th May, 2012

To

The Chief Labour Commissioner (Central),
Ministry of Labour & Employment,
Shram Shakti Bhavan,
New Delhi.

Sub: Conciliation proceedings between the BSNL management and the Joint Action Committee of Associations/Unions of BSNL Executives & Non-Executives - regarding

Ref: CLC (C), ND office letter no. ND.21(22)2011-IR dated 30.4.2012

Sir,

This is further to this office letter of even number dated 30th January, 2012. The current status on the issues taken up by the Joint Action Committee is as follows :-

No VRS - VRS scheme has been formulated based on recommendations of the Pitroda Committee and the Board for Reconstruction of Public Sector Enterprises. Management would like to reiterate that the scheme is purely voluntary and no employee would be under any obligation to opt for it. Moreover, the scheme is proposed for employees across all categories and not merely for non-Executives. DOT has been requested to provide non-interest bearing lump sum grant to BSNL or infuse additional equity in BSNL to be utilized for making ex-gratia payment to VRS optees. If the scheme meets with the approval of the Government and requisite funds are received for this purpose, Management hopes that the Executives and non-Executive employees of all cadres and services would shed their misconceptions about the scheme and cooperate with the management in its implementation.

Immediate repatriation of ITS non-optees and handing over charges to absorbed executives - The issue of absorption is being carried by DOT. After the last round of absorption in September-October, 2011 in terms of DOT letter no. A-11013/33/2011-Absorption Cell dated 3.11.2011, the process of repatriation has already started. However, to maintain the services of the company without any disruption, an alternative arrangement to man the senior management posts is necessary before repatriation of all non-optee officers. Accordingly, full repatriation of all non-optees will be conditioned by the said alternative arrangement. Besides, after the judgement of the Hon'ble Delhi High Court dated 17.4.2012, BSNL has made an appeal before the Hon'ble Court to this effect and decision is awaited.

Immediate payment of Bonus (PLI) - As per DOT guidelines issued vide letter No. 11-18/2003-SU.II dated 13/17.10.2005, in case a PSU does not earn profit in any year, or the performance as per MOU grading is 'poor', no PLI (Bonus) shall be payable. BSNL has not earned profit during the financial years 2009-10 and 2010-11, therefore no PLI has been paid to BSNL employees for the year 2009-10 and 2010-11.

Restoration of Medical Allowance, Leave encashment and LTC -

(a) **Restoration of Medical Allowance** - No benefit under medical policy is denied to employees. Only option of payment of medical allowance for outdoor treatment without voucher is withdrawn, but reimbursements of outdoor medical expenditure incurred by the employees are being made on production of vouchers. Outdoor medical entitlement has neither been reduced nor denied. It has been observed by Finance that the expenditure on medical reimbursement has been reduced since the withdrawal of without voucher scheme.

(b) **Leave encashment and LTC** - All India LTC has been frozen for two years w.e.f. 5.9.2011 for all BSNL employees and officers except those who are retiring during this period but Home Town LTC shall continue. The above decisions have been taken in view of financial position of BSNL as BSNL has incurred losses during the last three years. As and when the financial position of BSNL improves, the above decision will be reviewed.

78.2% IDA fixation - In terms of DPE OM dt. 26.11.2008, Presidential directive was issued by DOT on 27.2.2009 for revision of Board level and below Board level executives of BSNL on uniform fitment benefit @ 30% basic pay + 68.8% DA. This was implemented for executives on 5.3.2009 and for non-executives on 7.5.2010.

Subsequently, on 2.4.2009, the DPE conveyed the decision of the Union Government on various matters, including allowing the benefit of merger of 50% DA with basic pay w.e.f. 1.1.2007, effectively amounting to 78.2% DA merger instead of 68.8%.

As per DPE OM dt. 26.11.2008, the additional outgo on account of revision of pay for executives as well as non-unionised supervisory staff taken together for a period of 12 months should result in not more than 20% dip in profit before tax for the year 2007-08. Although, the additional outgo was not exceeding prescribed limit, however the total financial implication per annum came out to be Rs.569 crores and arrear payment of Rs.1558 crores (upto March, 2010). Thereafter, BSNL incurred losses during 2009-10 (Rs.1823 crores) & 2010-11 (Rs.6384 crores) and during the year 2011-12 also, there is expected to be loss. Thus, keeping in view the financial position of BSNL, the Management decided on 25.8.2010 to defer implementation of the benefit of 50% IDA merger for pay fixation till the Company's financial position improves considerably. As on date, annual financial implication for the above benefit for 2012-13 will be Rs.650 crores and arrear payment of Rs.2619 crores (upto March 2012).

Immediate procurement and supply of equipments including GSM, BB Modem, Cables, Trans SMS, MLLN etc. and implementation of important business projects like ERP, NGN and Transmission NMS -

GSM - NETWORK PACKAGE

M/s ZTE (L-1) bidder has accepted the APO & submitted PBG on 12.04.2012. Authorization has been issued on 07.05.2012 for Circles of North & South Zones to issue POs for 10.15 M Lines.

M/s Huawei (L-2) has not accepted offer for left out East Zone. Hence, M/s Alcatel Lucent (L-3) has been offered but they have requested time till 20.05.2012 for submitting acceptance.

IN PACKAGE

M/s. Alcatel (L-1) has submitted PBG and acceptance for the APO placed on them on 10.4.2012 for North and East Zones. Authorizations for Circles to issue POs are issued on 16.5.2012.

M/s. ZTE (L-2) has been offered left out South Zone vide APO issued on 10.4.2012. Since M/s. ZTE has refused, hence offer has been given to M/s. Huawei on 16.5.2012.

ADSL2+BB-CPE - PO has been placed on L-1 bidder (M/s. Teracom) on 7.5.2012 for first phase quantity of 3.5 lakh ADSL modems out of 7 lakh allotted to M/s. Teracom. Deliveries are expected to start from June 2012 onwards after lead period of two months from APO date (19.3.2012). Further, after refusal by L-2 & L-3 bidders, the APO for left out quantity of 3 lakh modems has been issued on 7.5.2012 to M/s. Syrma (L-4 bidder). Acceptance is awaited.

24F Metal free OFC - PO placed on 13.4.2012 on 8 bidders for full tendered quantity of 32,000 KM OFC. Deliveries are expected to start from June 2012 after lead period of two months.

PIJF cable - POs have been placed by the territorial circles for 24.76 LCKM of different sizes of PIJF U/G Cables during the period from July 2011 till March 2012. As on 31.03.2012 about 18.45 LCKM has been supplied by various vendors. As per the delivery schedule, the supplies are expected to be completed by the month of Sept 2012.

Following sizes of cables have been ordered on the vendors:
10/0.5(UA), 20/0.5(UA), 50/0.5(A), 100/0.5(A), 200/0.5(A), 400/0.4(A), 800/0.4(A), 400/0.4(UA), 800/04(UA), 800/0.5(UA), 1200/0.4(UA) & 1200/0.5(A)

Clip instruments - 8 PO's for 12.5 Lakhs CLIP phones have been placed on L-1 bidder by Circles in the month of July/Aug 2011. Delivery schedules started after two months of lead period and a total of 5.80 Lakhs CLIP phones have been supplied by the vendor up to 30.04.2012. Further, the balance supplies out of 12.5 lakh instruments are likely to be completed by July 2012.

MLLN - The tender was cancelled by the Management Committee on 15th December, 2010 in view of the exorbitant cost offered by M/s. ITI and the Management Committee decided to go for alternate option, being proprietary item. In this regard, C-DOT field trial at Jharkhand was carried out and it is successful in terms of operation pending manageability issue.

Trans NMS - Tender was cancelled by the Management Committee in 2011 and there is no further progress.

ERP - ERP has gone Live at three Circles/ units as below -

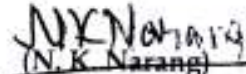
- TF Mumbai started working on ERP from 8.2.2011
- ALTTC Ghaziabad started working on ERP from 25.3.2011
- WTP Mumbai started working on ERP from 5.10.2011

Go-Live schedule for rest of POCs are as below -

- STR will go live on 2.7.2012
- BSNL C.O., Maharashtra & Karnataka Telecom Circles will gradually GO live.

2. With regard to various Government policy related issues, the management has already submitted that the position can be explained by the DOT representative.

Yours faithfully,


(N.K. Narang)
PGM (SR), BSNL C.O. (